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**Top Secret**



# Weekly Review

**Top Secret**

April 18, 1975

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**Nº 658**

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# INDOCHINA

## Vietnam: Closing on Saigon

The government's position east of Saigon appears to be deteriorating, and there are increasing signs that the communists are preparing to intensify their attacks close to the capital itself.

Along the central coast, a North Vietnamese force spearheaded by tanks broke through government defenses this week and captured the provincial capital of Phan Rang and its nearby airfield. The South Vietnamese had moved reinforcements to the area, but they were no match for the three communist divisions concentrated around the town. Only a few government troops escaped; others are unaccounted for. The government's remaining enclave along the coast, Phan Thiet, is under pressure and will fall soon.

South Vietnamese troops at Xuan Loc have fought well for the past week, but they too appear to be outmanned and outgunned. The communists are known to have massed three full divisions—together with armor, artillery, and air defense units—at Xuan Loc, and captured documents indicate that elements of a fourth division may have moved into the area. The government's one infantry division, reinforced by airborne and armor units, at Xuan Loc is in danger of being isolated and destroyed.

Northeast of Saigon, the communists have attacked the big air base at Bien Hoa, from which the South Vietnamese mount tactical air operations. Sappers have penetrated the base and, more recently, North Vietnamese gunners have used their heavy artillery to shell the base. An artillery attack closed Bien Hoa for approximately six hours on April 15.

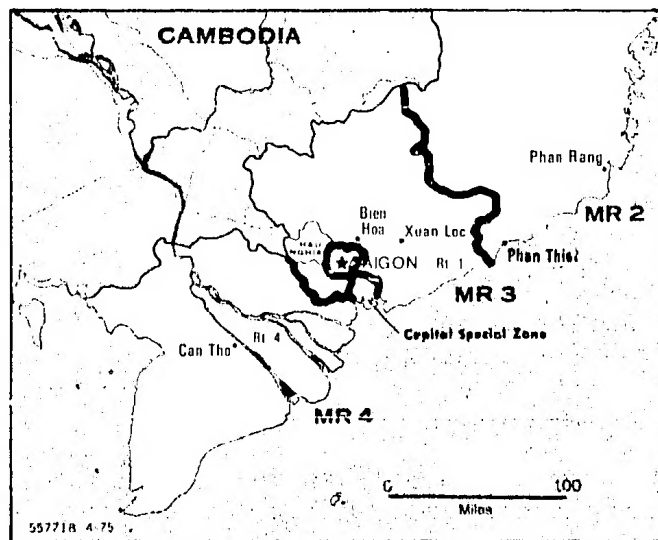
In the delta, the fighting has temporarily eased. The government has used its firepower to good advantage thus far to counter communist attacks on Can Tho, the most important city in the delta, and to keep vital Route 1 open to Saigon. Despite these setbacks, however, three communist divisions have moved into position

for new attacks along Route 4 in the northern delta. The two South Vietnamese divisions assigned to keep the highway open will be hard pressed to meet this threat.

Fighting also is likely to intensify along the western approaches to Saigon and close to the capital itself over the next few days. Communist planning calls for a major drive along Route 1 west of Saigon, and the North Vietnamese 9th Division has been spotted moving into Hau Nghia Province.

the 9th will soon launch a major assault against the South Vietnamese 25th Division, which is defending this approach to Saigon. Other reporting also indicates the communists will attack the fringes of Saigon, and sapper units could penetrate the inner defenses of the city.

The attacks along the three major approaches to Saigon will keep many of the government's forces tied down, leaving the capital dangerously vulnerable to heavy attacks from the north, a weakness that the communists will soon be in position to exploit. At least six communist divisions, including four reserve units from North Vietnam, are moving toward Military Region 3. The headquarters of a North Vietnamese army corps is fast approaching this



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region from the northeast, and at least one of its four divisions is now in the area north of Saigon.

This looming communist threat is producing a mood of deep pessimism in Saigon. A recent sampling of opinion in the capital seems to reflect a general consensus that adequate US assistance will not be available and that the communists are too strong to hold off. Talk of US evacuation plans for Americans and South Vietnamese is adding to the sense of impending disaster.

Some middle-level government officials are adopting the attitude that the Americans are the "only card" they have left and that evacuation of Americans should not be permitted unless guarantees for their own safety are made. More directly, several government officials have warned of reprisals and disorder if the US tries to evacuate its personnel without taking along friendly South Vietnamese.

## Cambodia: The Agony Ends

The string ran out for the republican government this week as Khmer communist forces entered Phnom Penh and accepted the capital's surrender. At week's end, only fragmentary reports were reaching the outside, but it appeared that the take-over was effected in a fairly orderly fashion. Following a government order to its troops to lay down their arms, insurgent spokesmen met with senior government military officers, and then the insurgents went on Phnom Penh's radio to ask for calm. The communist leadership is apparently waiting outside the city while second-echelon insurgent officers oversee the occupation. As yet, there are few clues as to Prince Sihanouk's plans, but his eventual return to Phnom Penh as a figurehead leader seems assured.

A number of military personnel and some leading government officials fled to Thailand aboard military aircraft. The small-scale exodus is likely to continue for several days as military aircraft fly out of the few provincial enclaves that have not yet run up the white flag.

The flush of victory will quickly pale for the communists as they try to cope with the problems they have inherited. Nearly four million people will now become the responsibility of the new regime, and stocks of basic commodities are low. To ease the situation, the communists apparently intend to evacuate large numbers of city-dwellers and refugees to the countryside, but conditions there will not be much better. Even before they can start thinking about postwar reconstruction, the new regime will have to seek rapid and liberal outside assistance to help sustain the population through the coming months.

Once in full control of the country, the communists will begin imposing their brand of Marxism on Cambodia as a whole. Essentially, this means the countrywide implementation of programs long under way in communist-controlled territory, including the socialization of the economy and a replacement of the traditional administrative system by a centralized government under the leadership of the Khmer Communist Party; such measures have not gone down well with the land-proud and independent-minded Cambodian peasantry and over the years have caused almost two million peasants to abandon their farms. Smoldering resentment among those that have remained behind has on occasion resulted in small-scale uprisings which the communists have put down ruthlessly. The Cambodian communists can probably be expected, however, to push their efforts to regiment and collectivize Khmer society relentlessly, using force where necessary.

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## Lebanon: New Violence

Radical fedayeen and militia of the right-wing Phalanges Party engaged in armed clashes for several days this week in Beirut. The Lebanese army and the major, less radical fedayeen groups stayed mostly on the sidelines. A cease-fire went into effect on April 16, but the dispute left the security situation unsettled and Prime Minister Sulh's government fundamentally divided.

The fighting—the worst in Lebanon since the major clash between the fedayeen and the army in early 1973—grew out of a dispute between a radical Palestinian and a policeman at a roadblock in a Phalangist-controlled area of Beirut. Before the cease-fire was declared, more than 150 persons were killed and many more were wounded. Sporadic firing continued after the accord was announced, but it apparently was the work of isolated groups on both sides.

As announced by Sulh, the cease-fire agreement obliges the two groups to withdraw all their forces from public places. The accord is to be enforced by the Lebanese internal security services, which are to begin patrols of the disputed areas accompanied by representatives of the Phalangists and the fedayeen. A separate understanding had been worked out earlier to facilitate an exchange of hostages between the two sides.

The Phalangists accepted the cease-fire only after suffering heavy property damage and many casualties. President Franjiyah and other Christian leaders apparently persuaded party leader Pierre Jumayyil that prolonged fighting would bring in major fedayeen units, which could quickly overwhelm the Phalangists. The Phalangists are a strongly nationalist, Christian political party that advocates strict control of Palestinian refugees and fedayeen in Lebanon. They are always ready to use their 5,000-man militia to defend their interests and what is, in effect, Christian control of Lebanon's government.

Leaders of the three most radical fedayeen groups that carried on most of the fighting met with their more moderate colleagues in Beirut on April 16 and agreed to go along with the cease-fire. They presumably were persuaded to take this step by their own heavy losses and by doubts that the larger fedayeen organizations, Fatah and Saiqa, would enter the fighting in force.

Leaders of the Palestine Liberation Organization and the major fedayeen groups worked behind the scenes to contain the fighting and to help arrange the cease-fire. This strategy was probably based on a conviction that a major encounter with the Lebanese during the current uncertainty over Middle East peace talks would only play into the hands of Arabs who reject the efforts to negotiate a settlement and reduce further the likelihood that the PLO would be invited to attend the Geneva conference when it resumes. Actions taken by Zuhayr Muhsin, head of the Syrian-controlled Saiqa organization, to keep his followers out of the dispute suggest that the Syrian government may also have counseled restraint.

Prime Minister Sulh proved unable to control either the security situation or his own cabinet; the cease-fire was negotiated primarily by Lebanese political and religious leaders outside the government and by an official of the Arab League. Two cabinet members sympathetic to the Palestinians resigned during the week, and three pro-Phalangist ministers have threatened to follow suit. These resignations, if not withdrawn, could distort the religious and political balance of the cabinet to the point that Sulh would be forced to step down as well. He is already in a weak position as a result of his handling of the disturbances that occurred last month in the southern port city of Sidon. One member of the cabinet resigned at that time.

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## EGYPT: DIVERTING ATTENTION

President Sadat reshuffled the cabinet and appointed a new prime minister this week. His move appears to have been motivated largely by a desire to divert popular attention from the slow progress of peace negotiations and to reassure the Egyptian people that there will be no let-up in the government's program of economic development.

Sadat's choice for prime minister was Interior Minister Mamduh Salim, a loyal supporter of the President who apparently does not harbor any personal political ambitions. Salim replaces Abd al-Aziz Hijazi, who has been the chief target of popular criticism over continuing economic ills. Hijazi, a competent economist, was overburdened with specific economic duties on top of his prime ministerial responsibilities.

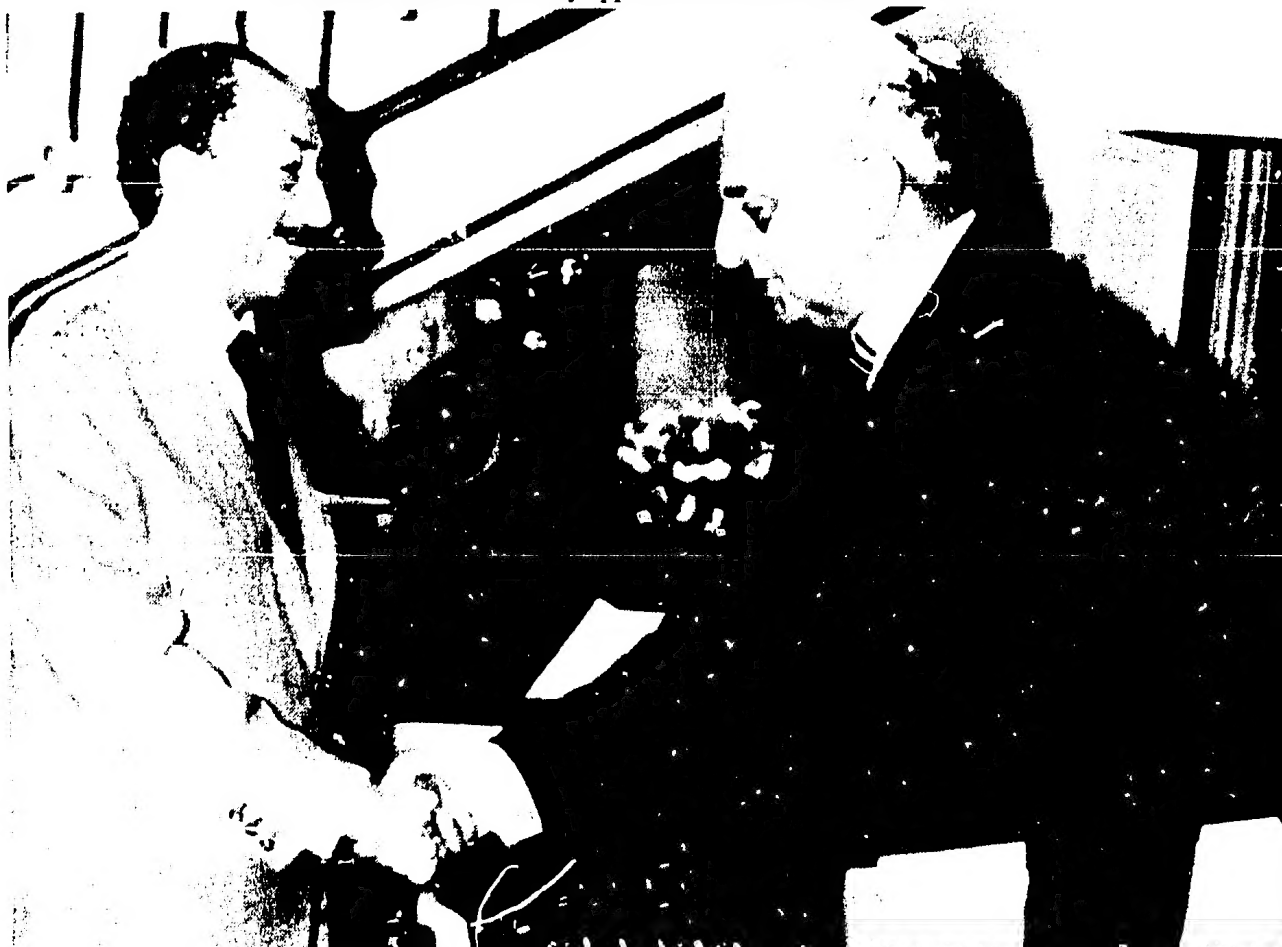
At the same time, Sadat named air force commander Husni Mubarak to be vice president, an essentially powerless post that is no longer in the line of succession to the presidency. Most key cabinet posts remain in the same hands. Both Foreign Minister Fahmi and War Minister

Gamassy have, in addition, been made deputy prime ministers.

Open discontent over economic grievances has traditionally risen in Egypt at times of diplomatic stagnation on the Arab-Israeli issue, and signs of such discontent have been appearing in recent months. The year began with a violent outburst in Cairo by workers protesting commodity shortages and rising prices. Last month, demonstrations by angry workers at a textile plant in the Nile Delta led to serious violence that resulted in at least one death, scores of arrests, and a week-long shutdown of plant operations.

The appointment of Salim, who as interior minister headed Egypt's security apparatus, will signal malcontents that such public disturbances will not be tolerated. Salim will be no better able than Hijazi, however, to resolve Egypt's basic economic problems, such as the inadequate system of roads and ports that impedes the distribution of consumer goods. Moreover, although two key economic ministries have been

President Sadat with newly appointed Prime Minister Mamduh Salim



consolidated, the rest of the cabinet remains an unwieldy conglomerate of 33 overlapping ministries. The failure to streamline the cabinet diminishes whatever prospects there were for cutting through the bureaucratic maze that hampered Hijazi and contributed to slowing economic development. [REDACTED]

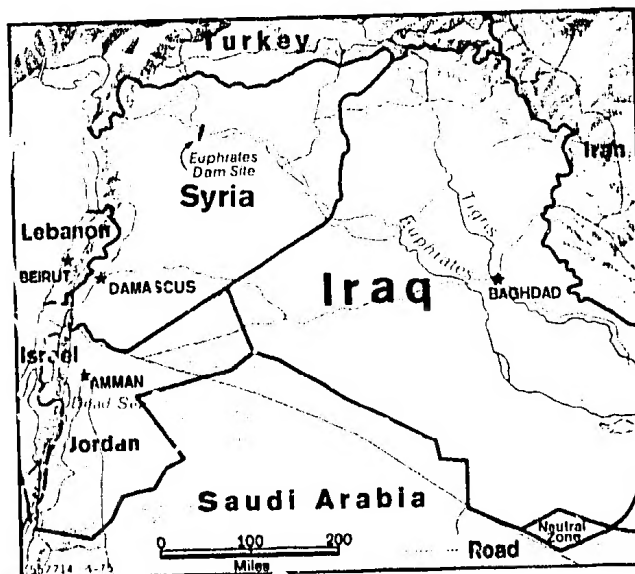
## SYRIA-IRAQ: TROUBLED WATERS

Relations between Iraq and Syria, long troubled by deep-seated hostility between their competing wings of the pan-Arab Baath Party, are seriously strained again. The latest flare-up between the two regimes appears in part a by-product of Iraq's recent rapprochement with Iran, which made it possible for Baghdad to wind up its struggle with its Kurdish rebels and to pursue its differences with Syria more directly.

During the past month, the Iraqis apparently were involved with Syrians sympathetic to the Baath Party of Iraq in an attempt to weaken or overthrow the Syrian government. By April 8, some 400 Syrians reportedly were arrested for complicity in what Syrian authorities charged was a Baghdad-inspired conspiracy to oust or assassinate President Asad. The Syrians are said to have placed the Iraqi ambassador in Damascus and his staff under surveillance and to be harassing lower level Iraqi diplomats.

Publicly, the two sides have kept up a steady stream of propaganda sniping and posturing in recent weeks. The Syrian Baath Party's Congress last week condemned the "suspicious right-wing regime" in Iraq, accusing it of collusion with non-Arab Iran, of sabotaging Arab solidarity, and abandoning the Palestinians. The Iraqis, for their part, have condemned Damascus for allegedly aiding the Kurds, for supporting Washington's step-by-step approach to Arab-Israeli negotiations, and for diverting the waters of the Euphrates River.

The Syrians have denied responsibility for the low water level in the part of the Euphrates



that flows through Iraq, claiming Turkey is to blame. Last week, Damascus rejected Iraq's call for an urgent meeting of Arab foreign ministers to discuss Baghdad's Euphrates complaint. According to the Egyptian press, Syria has decided not to attend a regularly scheduled Arab League meeting to be held early next week for fear the Iraqis will press the Euphrates issue.

Syria could be altering the flow of the Euphrates to retaliate for Baghdad's propaganda attacks on Asad and the apparently increased interference in Syrian affairs. Earlier this month, the Syrians reportedly moved two armored regiments and some paramilitary units into the environs of the Euphrates Dam as a precaution against a possible Iraqi sabotage attempt.

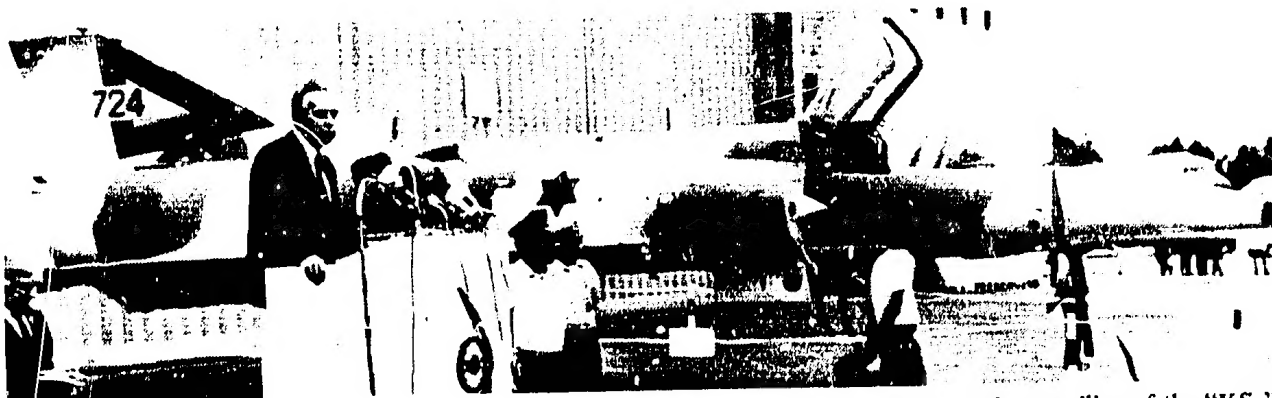
Although the Syrians are clearly prepared to take strong action against Iraqi intervention in their domestic affairs, they will try to prevent the dispute from growing to a point that might affect Syria's relations with other Arabs. Damascus is also apprehensive that Iraq might not provide military support to Syria in the event of another round of hostilities with Israel; it is already questionable whether such assistance would be forthcoming. [REDACTED]

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Prime Minister Rabin at the unveiling of the "Kfir"

## ISRAEL

## FOCUS ON WASHINGTON

Israel celebrated its 27th anniversary this week, but the real focus of its attention was clearly Washington. Tel Aviv's information campaign in the US, designed to explain its stand on negotiations with the Arabs, swung into high gear with the arrival this week of Foreign Minister Allon, his predecessor Abba Eban, Prime Minister Rabin's wife, and other prominent Israelis. Former information minister Yariv and ex defense minister Dayan had arrived earlier.

In the wake of the suspension of indirect talks with Egypt a month ago, Tel Aviv's primary concern has become the future of its relations with the US. The government is obviously concerned over Washington's open disappointment with Israel's position at the talks, and it is apprehensive that this might adversely affect the nature of US support for the Jewish state. Prime Minister Rabin candidly referred to Allon's trip this week as part of the "difficult struggle" the government is waging to explain Israel's position on negotiations.

Allon spoke at several large Jewish fundraising rallies in major US cities across the country this week. In his scheduled meeting with Secretary Kissinger, Allon will probably press for closer coordination of US-Israeli policy on the Middle East. He will also be trying to obtain a better reading on the implications for Israel of Washington's current policy reassessment.

Although Allon said prior to his departure from Tel Aviv that he had no new official instructions, he is most likely prepared to discuss various possibilities to revive negotiations with Egypt. One such possibility reportedly involves a proposal for an Israeli withdrawal from approximately half the Sinai in exchange for a long-term assurance from Egypt that it will not attack Israel. Tel Aviv, like Cairo, remains interested in a resumption of separate Israeli-Egyptian negotiations prior to a reopening of the Geneva conference, but the Israelis apparently prefer to await the outcome of Washington's policy reassessment before making any specific new moves of their own.

Some Israelis have criticized the government for allowing the foreign minister to visit the US so soon after the suspension of indirect talks with Egypt. Conservatives in particular, including several in the cabinet, apparently conclude that the trip could tempt Washington into believing that Tel Aviv's resolve to stick to its previous negotiating demands with Egypt may be weakening. They are said to believe that the government is unnecessarily exposing itself directly to high-level US pressure for Israeli concessions in order to revive the talks with Cairo. Allon himself said just prior to his departure that he was beginning to feel the first signs of US pressure, but emphasized that Israel will not be coerced into making concessions.

**UNVEILING A NEW AIRCRAFT**

The Israelis apparently have begun series production of their "super Mirage" fighter aircraft.

One of these aircraft was shown to the public on April 14, when the project was officially unveiled in Tel Aviv.

The aircraft, which the Israelis call *Kfir* (Lion Cub), has been under development for about five years. The first of three prototypes flew in mid-1973. The Israeli air force was scheduled to begin receiving the aircraft in September 1974, shortly after the Israelis were to complete another project that involved the assembly of 50 Mirage 5s from parts obtained from France. The September deadline was not met, however, probably because of the requirement placed on the Israeli aircraft industry to recondition aircraft from the October war.

The *Kfir*, based on a modified Mirage 5 airframe, is powered by a single US J-79 engine—the engine used in the F-4 Phantom. The J-79 offers improved performance and greater reliability than the Atar engine used in the French Mirage III and Mirage 5 aircraft. The *Kfir*, which can fly at twice the speed of sound, reportedly will have both an interceptor and ground-attack role, and is said to have a payload of some 10,000 pounds—nearly twice that of the Mirage 5.

Components for the aircraft are being manufactured and assembled in Israel. The J-79 engine is being built under license from the US. The production rate was originally set at about two aircraft per month, but this rate may not be possible in view of the other demands on the Israeli aircraft industry. As many as 200 of the aircraft ultimately may be produced, but only some 60 to 100 are expected to go to the Israeli air force. The Israelis may hope to find a market for the remainder, which Israeli Defense Min-

ister Peres said on Monday will cost about \$4 million each. They are likely to encounter strong competition from the French, among others, however.

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25X1**CHAD: TOMBALBAYE KILLED IN COUP**

The acting commander of Chad's armed forces, Brigadier General Odingar, ousted President Tombalbaye on April 13 in a coup marked by sharp fighting and the death of Tombalbaye, Chad's only leader since independence in 1960. Tombalbaye had appealed for help from France, the former colonial power and Chad's principal source of aid, but French forces stationed in Chad did not intervene.

Two days after the coup, a ruling military council, composed of Odingar and eight other officers, was formed. The council president is General Malloum, the well-respected former armed forces commander who had been detained by Tombalbaye since 1973 for alleged coup-plotting. Colonel Djime, the commander of the gendarmerie and one of three top military leaders arrested by Tombalbaye early this month, has been installed as council vice president. The council has established four commissions to run the government and has promised additional appointments soon. The constitution has been suspended, the National Assembly dissolved, and all political activity has been banned.

Odingar's decision to move was probably motivated in part by the late president's recent public criticism of the army's lack of leadership and Tombalbaye's announcement last week that he intended to reorganize the army. Odingar may also have been influenced by widespread dissatisfaction with government corruption and maladministration as well as by the government's inability to overcome chronic economic stagnation that has been aggravated by six years of serious drought in the area.

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## INDIA-SIKKIM: ANOTHER STEP

The small semi-autonomous kingdom of Sikkim came closer to full incorporation with India this week, bringing sharp attacks on New Delhi's "expansionist" policies by both Pakistan and China.

Sikkim's hereditary ruler, the Chogyal, was deprived of one of the last vestiges of independent power on April 9 when his largely ceremonial 400-member palace guard was disarmed, after a brief skirmish, by Indian troops stationed in Sikkim. The Indians acted in response to a request from the chief minister of Sikkim, a long-time opponent of the Chogyal. The following day, the Sikkimese legislature voted unanimously to abolish the monarchy and to seek full statehood in the Indian union. In a hastily arranged referendum on April 14, Sikkimese voters ratified the legislature's action by overwhelming margins. The Chogyal now appears to be under palace arrest in Gangtok.

The Indians have announced their intention to take the necessary constitutional action to make Sikkim the 22nd Indian state. Attempts to rally support for the Chogyal and against incorporation of Sikkim into India can be handled easily by Indian police and the approximately 100,000 Indian troops in the state. The Chogyal presumably will be forced into exile.

The latest events follow several months of increasing tension between the Chogyal and the elected government led by the chief minister. Each side has accused the other of instigating attempted assassinations. The chief minister has repeatedly called on New Delhi to intervene and remove the Chogyal, who is accused of refusing to abide by the constitution. The chief minister and his followers represent the ethnic Nepalese majority that gained effective power two years ago. They want to abolish all remnants of the traditional political system, which had been dominated by the ethnic minority headed by the Chogyal.

For the past several years, India has followed an ambiguous course; it has been intent on expanding its role under a 1950 treaty as

protector of Sikkim but at the same time seemed concerned that removal of the Chogyal could lead to increased instability in the small but strategically important state. In 1973, New Delhi intervened in Sikkim following disorders in Gangtok and was instrumental in establishing a new constitutional order that relegated the Chogyal to a figurehead role. Last September, the Indian parliament voted to make Sikkim an associate state.

New Delhi claims to have tried to mediate between the Chogyal and the chief minister, but it recently made clear publicly that its sympathies lay with the chief minister and his supporters. Public statements by the Chogyal, during his attendance at the coronation of the Nepalese king in February, emphasizing Sikkim's "separate identity" and his meetings then with foreign diplomats apparently angered officials in New Delhi.

Islamabad, which continues to fear what it regards as India's hegemonic designs on South Asia, issued an official statement on April 11 denouncing the events in Sikkim as an "annexation by force." The statement accused New Delhi of again demonstrating a predilection to use force in ordering its relations with its smaller neighbors.

Articles in the Chinese press have condemned New Delhi's "expansionist" actions and have alleged—as Peking did last September—that the Soviets are backing the Indians in these moves. The comments contain no threats, however, and are generally lower key than the Chinese reaction last year.

Events in Sikkim will be of great concern in both Nepal and Bhutan, where distrust of India's intentions toward its Himalayan neighbors already existed. Both governments, aware of their nations' economic dependence on Indian goodwill, will be wary of expressing their fears publicly.

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**AEGEAN: TENSIONS EASE**

The chances of a serious incident in the Aegean have lessened for the moment, following nearly a month of tension while Greece and Turkey again tested each other's resolve on the issues. [REDACTED]

[REDACTED] the Turks have suspended their reconnaissance flights over three Greek islands in the eastern Aegean. These flights had brought the two countries close to a situation from which neither could have backed down easily.

all three at once. The third island would be attacked after the first two had been secured. 25X1  
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Meanwhile, a high-level official in the Greek Foreign Ministry has admitted to the US embassy that Athens has sent troops to the Dodecanese and other islands in contravention of international treaties. He said the action was necessary because Turkish leaders have repeatedly made threatening statements about the islands. A relatively large buildup of Greek forces on six major islands has, in fact, been going on since last summer and is continuing.

***TURKISH SUSPENSION OF FLIGHTS  
OVER GREEK ISLANDS REDUCES, AT 25X1  
LEAST TEMPORARILY, THE CHANCE  
OF A SERIOUS INCIDENT.*** 25X1

Greek officials have stated that Athens would not allow any more Turkish overflights of the islands. This Greek resolve has not been put to a test, however, and presumably will not be tested anytime soon because of the Turkish decision to halt the flights. The Turks apparently decided their information on Greek armaments, fortifications, and manpower on the three islands is sufficient and that further overflights are not necessary at this time.

Turkish military leaders, nevertheless, will begin a planning session on April 24 that will include further work on contingency steps for invading these three islands should the Greeks take some aggressive action. Turkish plans reportedly call for the seizure of at least two of the islands quickly if it is not feasible to occupy



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## TURKEY: A NARROW VICTORY

The newly installed government of Prime Minister Suleyman Demirel won a vote of confidence this week, ending a seven-month political impasse. The narrowness of the vote—222 votes for the government and 218 against—illustrates the fragility of the Nationalist Front coalition and the difficulties it will have in getting legislation through parliament.

Demirel's four-party right-wing coalition controls only 210 seats in the 450 member parliament. He was able to win his narrow victory only because of support from some independent deputies and the absence of several opposition members. This adds up to a very shaky parliamentary base for a coalition that is riddled with internal inconsistencies. Whether all the independent deputies will continue to support the Nationalist Front in parliament is uncertain.

Feelings were running high during the voting, which was interrupted by fist fights. The speaker of the National Assembly later suffered a mild heart attack. Party crossovers prior to the vote created considerable bitterness, suggesting that Demirel will have an unusually hostile opposition, in addition to the problems involved in holding the coalition together.

The Nationalist Front coalition partners are united primarily by their desire to be in the government and avoid elections. One of the partners—the Islamic-oriented National Salvation Party—is noted for its uncooperative and obstructionist tactics; it was instrumental in breaking up the previous government in which it participated along with former prime minister Ecevit's party.

The Salvationists, who challenge Turkey's choice of Western models for its modernization, oppose foreign private investment and tourism and advocate a vague, utopian economic policy. Their holding of several important economic portfolios—the price Demirel had to pay to get his coalition together—does not bode well for the economy.

Another weakness of the Demirel government is its dependence on the small pan-Turkish National Action Party, a group even more extreme than the Salvationists. Led by Alpaslan Turkes, the strong man of the 1960 military coup, this national socialist party boasts of its right-wing "commandos," although their numbers are probably nowhere near the 100,000 claimed. The "commandos," many of whom belong to the party's youth wing, specialize in

Demirel and his government



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### Current Party Lineup in Parliament

| <u>Party</u>               | <u>Seats</u> |
|----------------------------|--------------|
| Justice Party*             | 150          |
| National Salvation Party*  | 48           |
| Republican Reliance Party* | 9            |
| National Action Party*     | 3            |
| Republican People's Party  | 188          |
| Democratic Party           | 31           |
| Turkish Unity Party        | 1            |
| Independents               | 16           |
| (Unfilled)                 | <u>4</u>     |
|                            | 450          |

\* *The Nationalist Front*

stirring up trouble between left- and right-wing students. Clashes between extreme rightists and leftists have in fact been occurring at a fairly high rate during recent weeks and can be expected to continue.

Both of the extreme right parties in the coalition take a hard line on Cyprus and can be expected to oppose giving up any of the territory now held by the Turkish Cypriots. Both also oppose Turkey's membership in NATO and the EC. Although Demirel and his new foreign minister are experienced and moderate figures, they will have a difficult time keeping their colleagues in line.

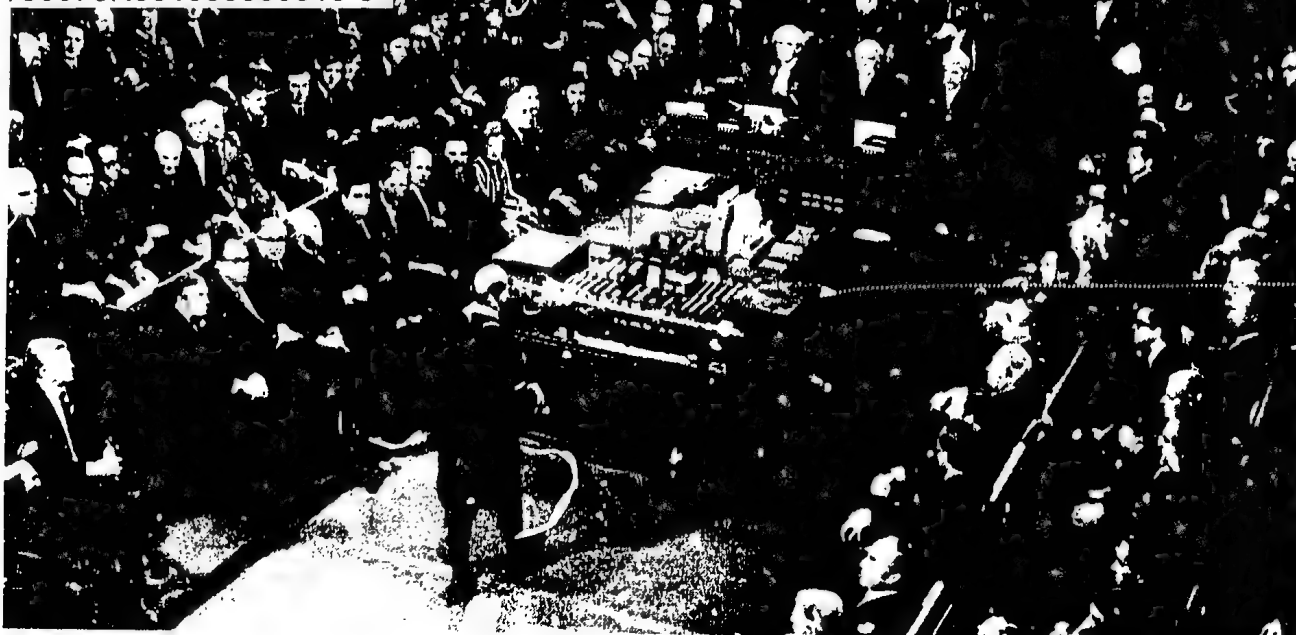
Demirel's success in forming a government will undoubtedly postpone a much-needed election. Although there is no guarantee that a new election would end the current indecisive balance of strength among the parties, at least it would offer that prospect, particularly if the electoral law is changed. Only Ecevit—who would benefit most—really wants new elections.

The army, which dislikes Demirel and forced him to resign in 1971, will probably maintain a "hands off" policy unless there is a

dramatic rise in civil unrest or Demirel attempts to take some form of revenge against the military. If Demirel survives until summer, he will be able to use the annual military promotions, reassignments, and retirements to try to build support within the army and regain its confidence.

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Opening of Parliament

## UK: WINS AND LOSSES

Prime Minister Wilson's performance in Parliament last week brought success on two important votes on the EC membership question, but at the cost of increased friction between the pro- and anti-marketeers within his own Labor Party. Wilson's next hurdle is the special Labor Party conference, where his stand on the EC question will again come under attack. The government has now decided that the country-wide referendum on EC membership will be held on June 5, earlier than expected, because it fears that a lengthy and heated campaign will alienate the voters.

The House of Commons voted 396 to 170 in support of the government's recommendation that the UK continue its EC membership, a more lop-sided tally than expected. The majority was more than twice as large as in the vote in October 1971, when Parliament opted to join the EC. Wilson, however, fell eight votes short of carrying his own party in Parliament on this vote. The related referendum bill also sailed through its second reading in Commons by a margin of 64 votes, largely because the government made some concessions on the method of tallying the vote. Both major parties are allowing their members of Parliament to disregard party discipline on the question.

The government now must push the referendum bill to final enactment before June 5. The principal difficulty appears to be the likely plethora of proposed amendments. The government hopes to finish in time to recess Parliament about May 24 to allow members to participate in the pre-referendum campaign.

Confrontations between the pro- and anti-marketeers within the Labor Party have been highly publicized in recent weeks. Three "confidential" party documents published in a leading London newspaper revealed fundamental disagreements within the party in embarrassing detail. Following his announcement of the code of conduct for government ministers during the EC debate, Wilson was defied by a non-cabinet minister who spoke against the government's position. Wilson promptly fired him, enraging left-wing, anti-market militants. In addition, the press reported threats to resign by Prime Minister Wilson and two anti-market cabinet members during a stormy cabinet meeting about the code of conduct. Wilson also threatened to walk out of the session.

During this period of internal party friction, Employment Secretary Foot, an anti-marketeer, and Jack Jones, head of Britain's largest trade union and also an anti-marketeer,

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have emerged as peacemakers. Only the reported intervention by Foot kept Wilson from bolting the cabinet meeting. For his part, Jones tried to persuade the junior minister not to defy Wilson's code of conduct. Concerned about party unity, Jones felt that the minister's actions would place other anti-EC government officials in the awkward position of appearing not to stand up for their own convictions.

Wilson's government next faces the special Labor Party conference on April 26. Although this meeting is expected to disapprove continuing EC membership, several unions may break ranks with the Trades Union Congress and make the vote closer than earlier expected, giving a boost to the pro-marketeers.

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## PRODUCER-CONSUMER TALKS COLLAPSE

Talks between oil-producing and oil-consuming states collapsed this week after failure to reach agreement on an agenda for a proposed international conference to be held this summer. Both sides agreed to remain in contact, but there is little hope an early compromise will be reached over the major issue—how raw materials would be treated at the proposed conference.

The developed countries—represented by the US, the EC, and Japan—argued for an agenda focusing on energy and energy-related issues. They were willing to discuss raw material issues as they related to energy, but opposed any efforts to link the price of oil with the price of imports from the industrialized countries.

The oil-producing states—represented by Algeria, Iran, Saudi Arabia, and Venezuela—and the developing states—represented by Brazil, India, and Zaire—demanded that equal importance be given to the economic problems of the Third World. Algeria, self-appointed spokesman for the seven, insisted that the full conference give equal emphasis to both raw materials and development aid as well as energy, and that the conference address the problems of export-earnings stability and inflation. Participants were also sharply divided over demands by the developed states to grant observer status to the International Energy Agency. Algeria branded the energy agency an organization designed for confrontation.



The French, who originally called for the conference and had the most prestige to gain from its success, made strenuous efforts to find common ground. Early this week, the participants hoped that French President Giscard's visit to Algiers would produce a compromise, but it did not. The developed countries and the seven remained united throughout the ten days of negotiation. The US, the EC, and Japan met daily to coordinate the position of the developed countries with the member states of the International Energy Agency. The representatives of the developing states and the less radical oil-producing states consistently supported Algeria's determination to establish the inclusion of raw materials as a *sine qua non* for beginning a dialogue on oil.

## Portugal

### NEW NATIONALIZATION MEASURES

In an effort to get a grip on the faltering economy and to establish firmly their own radical economic program, Portuguese leaders this week announced further broad nationalization measures. The Portuguese church hierarchy, meanwhile, has thrown its support behind moderate parties in the coming election in an effort to slow the country's precipitate move to the left.

Following up on its nationalization of banks and insurance companies last month, the government announced on April 16 that it has now extended its control in many key industries, including transportation. Fourteen firms producing electric power, four petroleum companies, and one steel company, as well as the main rail, maritime, and air transport services, have been nationalized. In addition, the petrochemical, pharmaceutical, heavy machinery, tobacco, concrete, beer, fertilizer, and cellulose industries, as well as shipyards, are slated for government intervention. A seizure of large land holdings in the south was also announced.

The nationalization measures follow guidelines issued last week by the Revolutionary Council to combat Portugal's economic ills—underutilized production capacity, reduced investment levels, a soaring balance of payments deficit, and rampant inflation. The government also announced a national employment program to deal with growing numbers of unemployed, as well as price controls on food staples. The guidelines further call for wage controls and greater worker "control" of production.

Portugal's deepening economic crisis is largely a result of the revolutionary regime's own mismanagement. Its policies have fostered industrial anarchy—with workers seizing factories—given rise to phenomenal wage increases, and generally discouraged foreign investment. Repeated attempts by Western countries to lend economic assistance have been frustrated by the new leaders' inability to identify worthwhile projects. The Movement, failing to admit its own shortcomings, continues to hide behind revolutionary jargon and to blame the inherited capitalist economic structure for its problems.

Meanwhile, Portuguese bishops have urged Catholics to vote against parties participating in the constituent assembly elections on April 25 whose principles violate Christian precepts. Although the Portuguese Communist Party and the ultra-left parties are not mentioned specifically, local parish priests are expected to take the bishops' statement as a signal to get out the vote for the moderate parties. The bishops also said that casting blank ballots was unacceptable. Armed Forces Movement personnel reportedly have been urging undecided voters to leave their ballots unmarked, apparently in an effort to reduce the margin of the expected moderate majority.

The church appears to have decided to take a stand now, after months of reticence on political matters, in order to contribute to the moderate parties' efforts to make a good election showing, which they hope will demonstrate to Movement leaders that there is little popular support for their radical policies.

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## SPAIN: SPECULATION ABOUT FRANCO

Attention in Spain is increasingly being focused on the prospects for the post-Franco period, which many believe has already begun. Extensive press coverage is being given to Prince Juan Carlos and his role as the future head of state. These articles have reinforced recent rumors that Franco may indeed be considering relinquishing power, wholly or partially, sometime this year.

At a meeting with editors late last month, the minister of the National Movement reportedly explained that it is increasingly necessary to prepare the public for the eventual transition of power. He said that the Spanish press should begin such a campaign by building up the public image of the Prince and by stressing the political maturity of the people and their ability to make the transition smoothly. Most of the editors were reported to have left the meeting with the impression that the succession is rapidly approaching and that a green light had been given to write on it. A number of articles have since been published, some of which have gone so far as to suggest that a partial transfer of power should take place in the near future.

The argument advanced by those favoring a changeover now is that the monarchy should be given an opportunity to function while Franco is still alive and in a position to ensure a smooth transfer of power. Possible dates mentioned are July—the anniversary of the Nationalist uprising that began the civil war—and early fall—when a new legislature will have been seated and a new political year begun. One recent report alleges that the changeover “will be a fact by June.”

Press discussion of immediate succession appears to stem more from a desire that this should take place than from solid indications that Franco is contemplating stepping down. Indeed, two regime figures have discounted such a possibility. Second Deputy Prime Minister Cabello de Alba, in a recent interview, was

reported to have said that there was no need to speed up the succession because Franco is in excellent health. Even more pointed was columnist Emilio Romero, director of the National Movement's daily *Arriba*, who quoted “a crystal-clear source at the top” to the effect that no early transfer of power is contemplated.

The unprecedented public discussion of the succession issue has been accompanied by increasing evidence of political awareness among junior and middle-grade officers.

the feeling is growing among the younger officers that recent developments in Portugal, increasing anti-government leftist activity in Spain, and growing social problems caused by economic difficulties have made it imperative that genuine political parties be organized and democratic reforms initiated promptly but in an orderly fashion.

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### MBFR TALKS RECESS

The fifth round of the force reduction talks in Vienna ended on April 17; the talks will resume in mid-May. Both East and West marked time during this round. The Soviets and their allies offered a revised scenario for negotiating their proposal of last October that called for initial reductions of 20,000 men by both sides in 1975. They also offered to amend slightly their basic proposal of November 1973. Eastern representatives commented informally that they did not expect the West to take these proposals seriously, and were not surprised when the Western delegations rejected them.

Neither East nor West have shown signs during the round that they are overly disturbed by the lack of progress. For their part, the Soviets have never appeared to be under the pressure of time during the talks. Various Soviet officials have implied that there would be no movement in Vienna until the European security conference in Geneva concludes in a satisfactory manner. In addition, there have been some indications that Moscow is aware that the West might substantially modify its basic proposals, and the Soviets apparently are content to await such an initiative.

The West Europeans, who have expressed some concern about the stalemate in the past, apparently are also willing to wait until the US formally proposes that the West modify its position.

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Kosygin

Brezhnev

## USSR

### PLANNING THE CONGRESS

The Soviet party Central Committee meeting on April 16 signaled the start of preparations for the 25th party congress and eliminated one of the runners in the long-term race to succeed General Secretary Brezhnev. The removal of trade unions chief Aleksandr Shelepin from the Politburo does little to clarify the succession question, however, and additional moves within the leadership could well occur before the congress convenes.

Brezhnev was clearly in charge at the plenum, delivering a report on plans for the next congress, now set for February 24, 1976. Foreign Minister Gromyko gave a report on foreign affairs, which is usually given by Brezhnev. This continues the show of greater collectivity in the leadership evident since the General Secretary's illness this winter. Brezhnev has been limiting his activities, thus allowing greater public exposure for his colleagues.

Shelepin has long been regarded warily by some of his colleagues as a dangerous combination of ability and ambition, and his departure from the Kremlin removes a potential element of instability in the leadership. In 1965, he mounted a serious but unsuccessful challenge to

Brezhnev's leadership. When that failed, his career took a precipitous slide. In 1967 he was removed from the party Secretariat and given the trade unions post—traditionally a powerless, figurehead position. Shelepin's visit to England and Scotland last month was greeted by a tremendous outcry in the British press against him personally as a former chief of the Soviet secret police (KGB) and clearly hurt his prospects for the future.

The decision setting the date for the congress was made earlier and more smoothly than was the case for the 24th party congress. Then, it was not decided until mid-July 1970 that the congress, originally promised for that year, would open in late March 1971. The present pattern suggests the leaders' satisfaction with the present political situation and their confidence that they can set the country's course over the next five years. The plenum resolution called for continued vigilance, but reconfirmed the policy of detente, including the value of summit meetings.

Academic studies in preparation for the congress seem to be under way.

scholars at several institutes are engaged in

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an effort similar to that undertaken before the last congress, with the Institute of World Economy and International Relations taking the lead in the work. The study addresses the developments over the past five years in the "scientific-technological revolution" and its effect on the capitalist and socialist systems.

Soviet academics, [redacted]

[redacted] evince less of an inferiority complex than earlier about the problems of their own system and are convinced that the policy of detente has proven its worth. Their confidence apparently stems in part from difficulties being experienced in the West, but they still attribute great strength and resiliency to the capitalist system. In fact, their study of the impact of technological transfer from the West is leading them to conclude, [redacted] that some fundamental reforms will still be required in the Soviet Union if it is to close the technological gap.

#### MOVING SLOWLY ON GENEVA

Now that the Soviets have a chance of gaining some of the diplomatic spotlight in the Middle East, Moscow has come down with a touch of stage fright. While still voicing support for an early resumption of the Geneva conference, Soviet officials are also saying that careful preparations must be made to ensure its success.

The Soviet hesitancy is partly attributable to concern that the US will employ the conference as a cover to continue step-by-step negotiations. Furthermore, the Soviets have invested substantial capital in the idea that Geneva provides the only solution to the Arab-Israeli problem. A failure would not only damage their prestige but would also increase the prospect of war.

In an attempt to smooth the way toward Geneva, the Soviets reportedly have been talking to Israel. The Israeli press—basing its stories on government "backgrounders"—reported that two Soviet emissaries had recently discussed

Geneva with Prime Minister Rabin and Foreign Minister Allon. The Soviets were said to have urged Israel to attend the conference in return for Soviet guarantees of Israel's pre-1967 boundaries, and held out the prospect of an eventual resumption of diplomatic ties.

The Soviet show of evenhandedness apparently was designed to convince Tel Aviv that Moscow did not intend to turn Geneva into a propaganda show. The Soviets also probably wanted to suggest that they—as well as Washington—could bargain with both sides. Tel Aviv probably had an interest in leaking the story to impress Washington that it could develop alternate channels to the Arabs.

The USSR's interest in promoting a facade of Arab unity was apparent during a visit to Moscow this week by Iraqi strong man Saddam Husayn. Premier Kosygin laid heavy stress on the importance of cooperation between Syria, Egypt, and Iraq. Although Moscow would like to enlist Iraq in the Middle East negotiations—if only to further complicate Egypt's ability to pursue independent initiatives—the Soviets once again appear to have failed to moderate Baghdad's rigid opposition to talking with Israel.

The Soviets will try again to reach a common position with Cairo on the conference when Foreign Minister Fahmi is in Moscow on April 19-20. The Soviets were hardly pleased by President Sadat's pronouncement that Geneva is not the only negotiating avenue open to Cairo, or by Egypt's suggestion that the Geneva conference be expanded to include Britain, France, India, and Yugoslavia. The latter arrangement will be viewed as an effort to reduce Soviet influence at Geneva. The problem of Palestinian representation at the conference is sure to come up in the discussions with Fahmi. Comments by Soviet officials indicate that Moscow is searching for a way to get around this issue and is willing to defer it until the talks are actually under way. [redacted]

## CHINA: CUTTING MILITARY MANPOWER?

Peking reportedly plans a significant reduction in military manpower this year, primarily because of a need to reduce spending on the armed forces [redacted]

a decision to demobilize one million men in 1975 was announced at a recent conference presided over by Politburo member Chu Te, a veteran military leader. It is not yet possible, however, to make a precise estimate of the size of any resulting net reduction.

China is believed to demobilize routinely between 500,000 and one million men every year and to take in an equal number. The Chinese armed services ostensibly have fixed terms of service, but some troops are held beyond the regular tours. [redacted]

China's army, navy, and air force are now estimated to have well over 4 million men. The bulk of a reduction would have to be taken by the army, which has over 3.5 million men in main force units, local forces, and support troops. Military leaders probably would try to minimize the effect of demobilization by reducing manning levels rather than eliminating units and by taking as few men as possible from the more important main forces. [redacted]

### Perception of Threats

If a large-scale reduction were to occur, it would be further evidence that the Chinese believe the threat of imminent hostilities with the USSR or the US has declined. Although [redacted]

Peking almost certainly will continue to maintain large numbers of troops in its four northern military regions, it would have fewer troops immediately available for reinforcement. 25X1

Peking did not call up additional recruits following the Sino-Soviet border incidents of 1969, but it did extend the term of service of all the troops then under arms. Because this served to swell the ranks of the army, the reported demobilization this year may be designed in part to offset that increase. In recent years, demobilization of men whose terms of service were completed and induction of replacements appear to have taken place in normal fashion. 25X1 25X1

During the past several years, Peking has been making strong efforts to reduce the military's role in politics. These efforts—which have included the transfer of military region commanders, withdrawal of personnel on nonmilitary assignment, and reversion of units of the paramilitary Production Construction Corps to civilian control—are all indicative of Peking's desire to focus its military establishment on purely military matters.

Peking may have determined that it now has more troops than can be economically and effectively used. There have been recent indications of debates over questions of budgetary allocations, particularly with respect to the armed forces. 25X1

A significant reduction of forces probably could not be accomplished without incident. For instance, administrative and logistic difficulties could arise in trying to transport personnel to areas throughout China if demobilization came quickly. Moreover, many soldiers probably saw the army as a steppingstone to employment in major population centers and would resent being sent back to the countryside. A number of recent incidents have involved demobilized servicemen demonstrating against the leadership's failure to give them the benefits they expected. A flurry of domestic propaganda broadcasts extolling demobilized soldiers who are going to the countryside seems designed to counter such dissatisfaction. [redacted]

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Morales Bermudez

President Velasco

### PEPU: VELASCO REAPPEARS

In an obvious effort to reassert himself in the public eye, President Velasco presided over a heavily publicized cabinet meeting on April 11. The session was held at a beach resort south of Lima, where the President has been recuperating from a stroke he suffered on February 28. Press reports noted that the President was in "excellent" health for his first working cabinet session since his illness. Lima newspapers reported on April 15 that the President will remain at the resort for another week. Velasco's lengthy convalescence casts doubt on his ability to regain effective control of the military government he has led since 1968.

During the President's absence from the capital, Prime Minister Morales Bermudez has reportedly acted as chief executive, meeting with other ministers, signing decrees, and, in one instance, holding a marathon press conference reminiscent of those held by Velasco.

It is difficult to gauge how much power Morales Bermudez has accumulated during Velasco's convalescence. For one thing, the prime minister has not presided over any cabinet meetings, probably on Velasco's orders. At the same time, however, Morales Bermudez appears to be placing his own imprimatur on gov-

ernment policies. During his news conference on April 1, for example, a number of new initiatives were announced that hinted at a more moderate approach to civilian political and economic freedoms than those characteristic of Velasco.

Morales Bermudez' stature among top officers, which already was high, has probably grown during the President's absence. Morales Bermudez' low-key, businesslike approach is likely to appeal to many officers, who will also respect his unwillingness to make a precipitate or obvious play for power. Unless Velasco can reassert his authority soon, subordinates will become accustomed to seeking out Morales Bermudez on important matters, a trend that may already be under way.

Over the longer term, Velasco's illness and lengthy convalescence, coupled with signs of dissatisfaction with his radical policies, will probably cause a gradual diminution of his powers. Already, there is evidence that some of his supporters are doubtful he will be able to govern the country effectively and are hurriedly attempting to strengthen their positions before Velasco dies or is forced to retire.

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**ARGENTINA: MODEST VICTORY**

The government of President Maria Esteia de Peron won a modest victory when it captured the governorship of Misiones Province in an election on April 13. It was the first test at the polls since Juan Peron's election in September 1973.

The most encouraging sign for Mrs. Peron's supporters was the severe defeat suffered by a splinter left-wing Peronist party backed by the Montonero guerrillas. Extreme leftist Peronists will, however, point to the drubbing at the polls as justification for their campaign of violence.

The strong showing of the centrist opposition Radical Party—which finished a close second—probably owed much to a substantial protest vote against the government's policies and a backlash against massive vote-buying by Social Welfare Minister Lopez Rega, who blatantly handed out millions of pesos in "subsidies" prior to the balloting. Radical gains will enhance the position of party leader Balbin, who has been under fire from within his party for not taking a harder line against the government.

The outcome of the Misiones vote may well serve temporarily to restrain conservative critics of Lopez Rega within the Peronist labor movement and the military. Some of them will grudgingly admit that the strategy of the President's chief adviser worked to contain the challenge from the dissident Peronist left even if it did so at the expense of losing votes to the Radicals.

There is at least a fair chance that the government success will strengthen the hand of moderates such as Interior Minister Rocamora, who have encouraged the President to adopt a more conciliatory approach in dealing with other political parties. Rocamora, a staunch advocate of close cooperation with opposition party leaders, has urged Mrs. Peron to hold elections in provinces that have been put under direct central government control. There is no assurance, however, that voices of moderation will be heeded by Mrs. Peron as long as Lopez Rega retains his dominant influence.

**BRAZIL: MAJORITY PARTY PROBLEMS**

President Geisel, displeased by divisions and a lack of dynamism within the government party, is seeking to revitalize it by pursuing what the US embassy calls a "two-track strategy."

On the one hand, he wants to give the party a greater edge on the opposition by keeping its leaders better informed of the administration's plans and policies. The President has also sought to lend prestige—and to underscore his desire for improvement—by delivering a personal address at a recent party meeting.

On the other hand, however, Geisel has asked his advisers to devise some political alternatives. One suggested idea is to create a pro-government third party designed to bring together the energies of the most dynamic members of both the government and opposition parties. Another possibility would abolish the present parties and create three or four entirely new ones. The deliberate leaking of such contingency planning to the press may well have been intended to impress the government party with the urgent need to reform itself.

Geisel is concerned not only because of the opposition's electoral gains last fall, but also because of the effect a repetition of government losses could have on conservative opponents of his liberalization program. Moreover, the embassy believes that some within the military simply would not tolerate an eventual opposition majority in congress, which, under the current rules, nominally "elects" the next president.

Geisel is not likely to opt for any drastic change in the present two-party system—a creation of the military governments—because the result would be disconcertingly similar to what the officers replaced a decade ago. Even if he were so disposed, moreover, there is little indication that the opposition would cooperate readily. For the time being, therefore, Geisel is likely to bend every effort to rebuild the government party's position within the current framework. The President's next overt move will probably be to replace the party leadership.

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Jorge Cauas

### CHILE: MAN WITH A MISSION

Increasingly aware of the seriousness of Chile's economic situation, the military government this week added more civilian expertise to the cabinet and gave civilian Finance Minister Jorge Cauas a broad new mandate. He will try to cope with the nation's mounting balance-of-payments problem and manage the battle against inflation. Prices already have risen 60 percent this year.

The government's civilian economists apparently have convinced President Pinochet that the long-term economic and political consequences of failing to control inflation are potentially more dangerous than the unpopularity of the austerity measures needed to deal with the problem effectively. Cauas believes that the government's economic program remains basically sound and that improper implementation is to blame for the disappointing results so far. His determination to reduce deficit spending sharply in order to dampen import demand and

ease inflationary pressures means increased unemployment and more austerity, especially for the poor.

Cauas will have to modify his market-oriented approach, however, if he cannot find a way around the seemingly unavoidable need for import restrictions that would entail vastly increased government intervention in the economy. His approach will also be threatened by military pressure for measures to spread the burden of austerity in order to curb erosion of popular support for the government.

Cauas may try to deflect some military disgruntlement with his strategy by moving against the monopolists, middlemen, and other privileged economic groups that many officers believe have been guilty of profiteering and other economic abuses. He is also likely to approve relatively low-cost social welfare measures. Cauas' program will stand or fall, however, on its ability to begin producing the desired results quickly.

Cauas' designation as economic "super-minister" coincided with a major cabinet shakeup that doubled civilian representation—from three to six—on the 17-man body. Civilians also replaced two army generals in key economy-related posts at the Central Bank and the Government Production Development Corporation. Cauas is a former member of the Christian Democratic Party, but the civilians in the government basically are technical experts or professionals without close political ties. The departure of the military ministers of justice, public works, and housing leaves the army with five cabinet posts while the navy, air force, and national police are down to two apiece. Civilians remained in control of the three most important economic ministries, although Sergio de Castro replaced Fernando Leniz at economy and Raul Saez' duties as minister of economic coordination were redefined to reflect his concentration on international economic and financial affairs. Pinochet may have to act forcefully to ensure respect for Cauas' new authority to control some ministries still run by military men.

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## CUBA: A DRAFT CONSTITUTION

The draft of a long-promised constitution, published in Havana on April 10, foreshadows sweeping changes on the Cuban political scene. The document, which is likely to undergo substantial revision before the constitution goes into effect next year, also envisages continuing hostility to the US.

In its present form, the draft raises questions about the roles of both Fidel and Raul Castro in the new government, but these are certain to be resolved to their satisfaction before the constitution is approved. Fidel's post of prime minister apparently would be abolished, for instance, and the Council of Ministers would be replaced by a State Council headed by a president. The president of the council would also be chief of state and commander in chief of the armed forces.

Castro would therefore have to become president in order to retain his statutory authority over the armed forces, his most important prop. If he chose to stand back, Armed Forces Minister Raul Castro probably would assume that position himself in light of his status as designated heir. The failure of either to gain the presidency or to install a completely subservient figurehead is most unlikely.

Two articles in the draft constitution have direct implications for relations with the US. One, which recognizes "the right of peoples to repel imperialist violence with revolutionary violence," is evidently intended to show Cuban resolve in the face of US and OAS insistence that Havana stop meddling in the internal affairs of other hemispheric countries. It may also be intended to suggest that Cuba has not completely abandoned rebel groups abroad despite its apparent interest in improving relations with the US. It could, however, constitute a key stumbling bloc to any rapprochement, given Havana's interest in the political status of Puerto Rico.

Another article, in effect, would require Cuba to insist that the US admit the "illegality"

of the treaties and agreements that provide the basis for the US naval base at Guantanamo Bay. The article stresses that Cuba rejects as illegal and void all "treaties, acts, or concessions reached under circumstances of inequality or those which ignore or reduce Cuba's sovereignty over any portion of its territory."

The draft establishes a national assembly as "the supreme organ of the Cuban state and the only body with constituent and legislative powers." Assembly members would be elected for a five-year term by "free, equal, and secret" vote of all citizens over 16. Members of the armed forces would be eligible to hold office.

Official approval of the constitution in its present form seems lukewarm at best. The Cuban Communist Party's Political Bureau approved the draft "in principle" and released it for public consumption as "an adequate base for public and popular discussion," according to a Havana broadcast. It added that the draft will be reviewed at the party's first national congress this fall, which is to approve the final text. The draft is then supposed to be submitted to a popular referendum, probably early next year.

The failure of the Political Bureau to take a firm stand in favor of the existing draft and the care taken to pave the way for future changes suggest that key leaders—probably including the Castros—have doubts about some of the provisions. These leaders are sure to take special pains to see that the constitution does not effect a statutory shift of authority from Fidel to a minority faction of the leadership made up of members of the pre-Castro communist party. Blas Roca, secretary general of that party for over a quarter of a century, headed the commission that produced the draft. His faction of pro-Moscow "old" communists has been gaining increasing responsibility in the field of policy formulation ever since the Castro regime encountered serious political and economic problems in 1970.

Despite its skepticism of certain provisions, the regime is hopeful that the draft constitution will improve Cuba's image in the rest of Latin America. All bureaus of the Cuban news agency have been told to inform Havana of local reactions. Castro probably hopes that the draft, with its promise of a popularly elected national assembly, will go far toward undercutting criticism of his failure to put his government's popularity to a test.

In a Tass press release, Moscow predictably emphasized the draft's definition of Cuba as being "an integral part of the world socialist community" and hailed the document's pledge of "unswerving allegiance to proletarian internationalism." Tass made no mention, however, of the portion of the draft that referred to the Guantanamo naval base. [REDACTED]

#### HONDURAS: THE BRIBERY CASE

The scandal involving bribes paid to an "unidentified Honduran official" may well lead to the ouster of Chief of State Lopez. He recently had been forced to relinquish command of the armed forces by field-grade officers determined to end the corruption that for years has tarnished their government.

The bribe's quid pro quo—reduction of government export taxes on products of the United Brands fruit company—strongly suggests that Lopez must have known about the deal and, in fact, was probably the recipient of the \$1.25 million involved. It is not clear whether the reformist officers knew about the payment at the time they first moved against Lopez. If they did not, this new development will add to their determination to take over the government.

The scandal is likely to have far-reaching implications. The appointment of a seven-member investigative commission will probably satisfy most Hondurans for the time being, but the members represent widely varied interests—

such as the clergy, private industry, labor, and the academicians—and are unlikely to reach a consensus soon, if ever. Eventually, other government officials—particularly those involved in the banana tax negotiations—probably will come under suspicion and may be forced to resign. Also, relations between United Brands and the government will be further strained. Since last September, negotiators have been unable to reach an agreement on either the banana export tax or the terms under which the company would reinvest in the wake of the devastation from Hurricane Fifi.

The company's position in other Latin countries is also likely to be affected. General interest in attracting foreign investment, however, as well as in retaining favorable relations with the US, militates against serious reprisals, such as expropriation. The Panamanian government was involved in an acrimonious dispute with the United Brands subsidiary there last year, and could now claim that the charges against the company amply justify the propaganda barrage that Torrijos unleashed then. The Panamanian reaction has so far been less shrill than might normally be expected, however, probably because of the apparently amicable settlement that was reached with United Brands. Also, Torrijos, like his Latin counterparts, probably wants to avoid offending a fellow Latin chief of state. In Guatemala, the opposition Christian Democratic Party has raised the specter of similar unscrupulous negotiations between President Laugerud's administration and the company on a banana export tax. The Salvadoran government has maintained silence, but the intense press response has focused on the culpability of the Honduran government.

Press coverage has been heavy and generally critical of multinationals elsewhere in the hemisphere, particularly in Mexico and Ecuador. Over the next several weeks, the media will probably continue to exploit the "sensational scandal" with its anti-US overtones. In the long run, nationalists traditionally critical of the US presence will continue to cite the alleged bribery, but the affair will not have a major impact on hemispheric relations. [REDACTED]

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## COLOMBIA: STATE OF SIEGE

Some Colombian government officials are apparently building a case for imposing a state of siege in reaction to continuing civil unrest, a serious crime wave, and persistent guerrilla activity. All of these are genuine problems, but the administration seems to be playing up the guerrilla threat to justify an early crackdown. President Lopez will be unlikely to resist such a move if violence continues.

The state-owned broadcasting network and newspapers controlled by the governing Liberal Party have been claiming that the country's two principal leftist guerrilla groups, the National Liberation Army and the Revolutionary Armed Forces of Colombia, have merged. In addition, the largest single guerrilla operation in years, which took place late last week, has received extraordinary daily attention in the press.

Ideological differences between the two guerrilla groups virtually preclude a merger, however, and the large insurgent operation last week was most likely only a "graduation exercise" for trainees. These guerrillas are now expected to divide up into the customary small subgroups scattered throughout the mountains.

President Lopez is also reportedly under considerable pressure from some high-ranking military officers to take steps to resolve the country's serious political and economic problems. These officers claim that strong measures—possibly including judicial reform and replacing congress with a joint military-civilian council—are needed to guarantee Lopez' continued authority.

This evident movement toward a state of siege has alarmed the Colombian Communist Party, which is legal. [REDACTED]



President Lopez

Whether the security threat is genuine or is being exaggerated as a prelude to strict government controls, the likelihood of a state of siege appears strong. Previous administrations have resorted to similar moves, but Lopez, with more popular support than any other Colombian president, has pledged to add new vigor to the country's democracy. A suspension of constitutional guarantees, even if partial or temporary, would detract dramatically from the impressive mandate he received in the election last year. [REDACTED]

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## LAW OF THE SEA: MIDPOINT APPRAISAL

During the first half of the eight-week session at Geneva of the 138-nation Third UN Law of the Sea Conference, emphasis has been placed on informal sessions and on a number of small working groups to facilitate compromise and trade-offs. This approach has proven effective, and indications point to a continued narrowing of differences.

As at the initial meeting in Caracas last summer, the Geneva session has three main committees, each charged with drafting the text of distinct but interrelated aspects of the projected oceans treaty. Committee I has the major task of drawing up specifics for an international authority for exploitation of mineral resources in the deep seabed area outside national maritime jurisdictional limits. Technology is now available to make recovery commercially feasible, and there is long-standing agreement that these resources constitute a "common heritage of mankind" to be shared by all nations equitably, but the negotiating task is immensely complicated. The issues under discussion in Committee II are territorial sea limits, straits passage, fisheries, and the creation of an offshore economic zone. Committee III has the job of bridging the differing views on marine research, pollution control, and the transfer of marine technology. Progress on the various issues has been uneven, but it is generally felt that the Committee II topics offer the best chance for earliest substantive agreement.

Most countries view a 12-mile territorial sea as an essential part of an overall treaty package. The few states still holding out for a 200-mile limit, such as Brazil, Ecuador, and Peru, have clearly become isolated on this issue and have shifted from expounding their claims to making formal proposals designed to strengthen coastal states' rights in the territorial sea, no matter how wide.

Since the projected expansion of the territorial sea to 12 miles will overlap more than 100 international straits, the US and other maritime powers are seeking to maintain the right of

unimpeded passage through such waters. Opposed from the outset by certain straits states, the US-proposed right of "unimpeded passage" has steadily gained support, but there is still considerable opposition by Spain, Morocco, Egypt, Yemen, Oman, China, and the Philippines. The Arab states are badly divided on the straits issue, raising the possibility of acquiescence by the Arab bloc to the US proposal. Aware of the importance to the US of straits transit, some countries are attempting to get trade-offs in Law of the Sea areas more central to their interests.

There is broad acceptance at Geneva of the concept of a 200-mile economic zone wherein coastal states would have sovereign rights over all resources. One of the working groups has made substantial progress on this issue, drafting articles that attempt to strike a balance between jurisdiction by coastal states—over such matters as pollution, research, and man-made installations in the zone—and international freedoms like navigation and overflight. A worrisome problem in these negotiations has been a movement by developing countries, led by Mexico and Peru, to have these articles include control by coastal states over military installations. Also, the question as to whether the limit of the economic zone should be extended when the continental margin of a state exceeds 200 miles is a major issue for broad-margin states like Canada, Australia, Norway, the UK, and Argentina. Geographically disadvantaged nations and most African states are opposed to jurisdiction beyond 200 miles, but some leaders of the developing nations have indicated a willingness to agree if there is "profit-sharing" (ranging from 10 to 50 percent) beyond 200 miles.

In contrast to the Caracas session, the delegates at Geneva have actively negotiated on certain key issues of deep-seabed exploration and exploitation. The first-come, first-served licensing arrangement sponsored by the US was passed over, but discussions are continuing on the operational aspects of a joint venture system whereby private firms and socialist state

enterprises would enter into a contractual arrangement with a proposed International Seabed Resources Authority. There may be agreement on basic conditions governing a joint venture system coupled with detailed provisional regulations. There does not appear to be sufficient time, however, to negotiate all other deep-seabed issues such as direct exploitation by the new authority, service contracts between firms and the authority, or price and production controls. The Soviet Union has introduced a proposal that would create a parallel system of independent deep-seabed exploitation by states and by the international authority.

The developing countries comprising the so-called Group of 77 may attempt to secure passage of a resolution continuing the moratorium on deep-seabed exploitation pending a comprehensive oceans treaty. Such a move would be a reaction to reports that Washington is drafting legislation that would allow US firms to begin seabed mining operations in the absence of a Law of the Sea Treaty.

There have been no developments on the issue of transfer of technology and few on that of scientific research. The US objective of freedom of scientific research appears to be in jeopardy, however, as most of the countries in the Group of 77 continue to insist on prior, explicit consent by coastal states before research can be conducted in areas of national jurisdiction. Some progress has been made in the marine-pollution discussions, but there has been no letup in efforts by the Group of 77 for

"double standards" in controlling pollution emanating from the land and resulting from continental shelf activities such as petroleum exploitation. Such "double standards" are designed to permit the developing countries to follow less stringent environmental controls.

Fruitful debate on settlement of disputes, a priority topic touching all Law of the Sea issues, has been conducted by a small working group of the General Committee at Geneva. Otherwise, discussion on this topic has centered in Committee I, which so far has covered key aspects such as security of tenure, enforcement, and force majeure, but has failed to reach any agreement. Nevertheless, if the developing states continue to favor compromise over philosophical debate, Committee I may well concur on at least the framework of a dispute-settlement organization, which the chairman said at the outset had already been agreed to "in principle."

It is generally anticipated that even with the best of progress at Geneva before the session ends on May 10, another round of negotiations will be required because of the complexities involved in writing a comprehensive treaty. At the same time, however, there is widespread appreciation among the delegations that unless sufficient concrete accomplishments emerge at Geneva, following the substantial spadework performed at the session in Caracas last year, the chances of achieving a broadly acceptable oceans treaty in the near future will be severely reduced, and the entire effort may be jeopardized by a proliferation of unilateral acts.

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